

KNOW BEFORE YOU OWE

STUDENT LOANS

If you still need money to cover educational expenses after you have exhausted other aid and employment opportunities, student loans are a good option. Just remember, student loan money is for financing your education, not your lifestyle. Student loans are real money that must be repaid with interest. Borrow only what you need.

FEDERAL STAFFORD LOANS

Stafford loans are federal loans provided by the U.S. Department of Education. The financial aid office at your college or university has processes in place to make it efficient for you to complete a student loan application and receive funds that are applied directly to your student account. You must file a FAFSA to receive a Stafford loan. Repayment doesn't begin until six months after you graduate, withdraw or drop below half-time enrollment status. There are two types of Stafford loans:

Subsidized Stafford Loans

These loans are for students who demonstrate financial need (as determined through the FAFSA process). Students do not pay interest on the loan while enrolled in school at least half-time, during the six-month grace period and for periods of deferment.

Unsubsidized Stafford Loans

Students do not have to demonstrate financial need to qualify for these loans. Students are responsible for paying interest charged throughout the entire life of the loan, even while in school. Interest may be added to the loan (capitalized) if students choose not to make interest payments while in school.

Interest Rates

Stafford loans first disbursed on or after July 1, 2013, have interest rates based on the 10-Year Treasury bill and, once calculated, remain fixed for the life of the loan. Rates differ based on loan type, when the loan is first disbursed and whether the loan is for an undergraduate or graduate student.

FEDERAL STAFFORD LOAN INTEREST RATES

Loans first disbursed:	Undergraduate Subsidized Stafford	Undergraduate Unsubsidized Stafford	Graduate/Professional Unsubsidized Stafford
On or after 7/1/2016	3.76% fixed	3.76% fixed	5.31% fixed

Fees

Stafford loans disbursed on or after October 1, 2015, have a 1.068% origination fee that is deducted from each loan disbursement. The fee decreases slightly to 1.069% for loans disbursed on or after October 1, 2016.

FEDERAL STAFFORD LOAN LIMITS

Borrower's Academic Level	Annual Amount for a Dependent Student	Annual Amount for an Independent Student ¹
First year, undergraduate	\$5,500 (subsidized limit is \$3,500)	\$9,500
Second year, undergraduate	\$6,500 (subsidized limit is \$4,500)	\$10,500
Third year and beyond, undergraduate	\$7,500 (subsidized limit is \$5,500)	\$12,500
Graduate/Professional program student ²		\$20,500
	Aggregate	Aggregate
Undergraduate	\$31,000 (subsidized limit is \$23,000)	\$57,500
Graduate/Professional program student ²		\$138,500

¹ See page 24 for a definition of independent student.

² The Budget Control Act of 2011 eliminated the interest subsidy on Stafford loans to graduate and professional students, effective for new loans made on or after July 1, 2012. Graduate and professional students may still borrow up to \$20,500 annually in Stafford loans, but the borrower must pay all interest that accrues on the loans.